Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	FCC 12-138

Reply Comments of Alaska Communications Systems

Alaska Communications Systems ("ACS")[1] hereby submits these reply comments in response to the Further Notice of Proposed Rulemaking ("Further Notice")[2] issued by the Commission in the above-captioned proceeding. In these reply comments, ACS: (a) supports the idea that the Commission should make higher levels of per-location support available for broadband deployment to serve Tribal Lands; (b) opposes proposals to require price cap local exchange carriers ("LECs") to build first to all "low cost" locations in their service areas that are unserved by 768 kbps upstream/200 kbps downstream broadband; and (c) reiterates its support for rule amendments that would permit price cap carriers to use CAF Phase I incremental support at locations that lack 6 Mbps downstream/1.5 Mbps upstream broadband, as a proxy for the Commission's 4 Mbps downstream/1 Mbps upstream standard and in order to use CAF Phase I support to accelerate achievement of the Commission's CAF Phase II broadband goals.

---

1 In these comments, "Alaska Communications Systems" signifies the incumbent local exchange carrier ("ILEC") subsidiaries of Alaska Communications Systems Group, Inc., which include ACS of Alaska, LLC, ACS of Anchorage, LLC, ACS of Fairbanks, LLC, and ACS of the Northland, LLC.

2 *Connect America Fund*, WC Docket No. 10-90, Further Notice of Proposed Rulemaking, FCC 12-138, 27 FCC Rcd 14566 (2012).

Discussion

A. ACS Supports Increasing CAF Phase I Incremental Support Levels for Customer Locations on Tribal Lands

ACS agrees with the observation that the challenge is "much greater to deploy and sustain broadband services on Tribal lands" than to other rural locations.[3] In its comments, ACS discussed the fact that broadband deployment costs in Alaska are far above those that prevail in the lower 48 states.[4] The reasons for this relate directly to the very factors that make service to all Tribal Lands so costly – remote locations, difficult terrain, harsh climates, low population densities, a lack of backhaul capacity, and customers that often face severe economic challenges in purchasing broadband services.

As the National Broadband Plan found, "[t]hose living on Tribal lands have very low adoption rates, mainly due to a lack of available infrastructure."[5] The Commission therefore should consider establishing higher CAF Phase I incremental support levels – whether on a per-location basis or on a per-mile basis for middle mile and second mile transport – for price cap

---

[3] *Connect America Fund – Modification to Rules Governing Phase I Incremental Support*, Comments of Sandwich Isles Communications, Inc., WC Docket No. 10-90, FCC 12-138, at 2 (filed Jan. 28, 2013) (Sandwich Isles Comments).

[4] *See, e.g., Connect America* Fund, Comments of Alaska Communications Systems, WC Docket No. 10-90, FCC 12-138, at 16-17 (filed Jan. 28, 2013) (ACS Comments) (high labor costs, harsh climate, short construction season, high costs to obtain and transport materials); 18 (high cost of satellite or microwave middle mile transport to reach remote areas of the state, and lack of in-state Internet access points).

[5] Federal Communications Commission, *Connecting America: The National Broadband Plan* (rel. Mar. 16, 2010), at 37. The Commission has defined "Tribal Lands" to include "any federally recognized Indian tribe's reservation, pueblo or colony, including former reservations in Oklahoma, Alaska Native regions established pursuant to the Alaska Native Claims Settlements Act (85 Stat. 688), and Indian Allotments, *see* 47 C.F.R. § 54.400(e), as well as Hawaiian Home Lands—areas held in trust for native Hawaiians by the state of Hawaii, pursuant to the Hawaiian Homes Commission Act, 1920, Act July 9, 1921, 42 Stat. 108, *et seq.*, as amended." *Connect America Fund*, WC Docket No. 10-90, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, 26 FCC Rcd 17663 (2011) ("*USF/ICC Transformation Order*"), at ¶ 126, n. 197.

carrier deployment of broadband facilities that will serve Tribal Lands, as defined in this proceeding.

To help overcome the challenge of delivering broadband to Tribal Lands, the Commission's *USF/ICC Transformation Order* explicitly allocated a portion of the new Mobility Funds to support mobile services on Tribal Lands, including $50 million in one-time support during Mobility Fund Phase I, and at least $100 million annually through Mobility Fund, Phase II.[6] In addition, the Commission has established a Lifeline Broadband pilot program that includes two projects that focus explicitly on delivery of broadband services on Tribal Lands.[7]

The Commission should not limit its vision of service to Tribal communities to wireless offerings, however. ACS agrees with Sandwich Isles that, "a tribe's cultural, spiritual, economic, personal and public safety, and other communications needs relevant to its service area are an integral aspect not only of network planning, but also of the continuing provision of appropriate/necessary communications services and the customer interface."[8] But, wireless providers are not uniquely able to provide these services. Like Sandwich Isles, ACS offers service exclusively to Tribal Lands. ACS has a longstanding commitment to serving Alaska Native communities, and has embraced the Commission's directive to conduct outreach to Alaska Native Villages within its service territory.[9]

---

6 *USF/ICC Transformation Order* at ¶ 299.

7 *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Order, DA 12-2045 (Wir. Comp. Bur., Dec. 19, 2012), at ¶ 5.

8 Sandwich Isles Comments at 3.

9 *See Connect America Fund,* WC Docket No. 10-90, Comments of Alaska Communications Systems regarding the United States Telecom Association Petition for Reconsideration and Clarification of the Further Guidance regarding the Tribal Government Engagement Obligation Provisions of the Connect America Fund, WC Docket No. 10-90, at 3 (filed Sept. 26, 2012).

In its comments, ACS stated that, based on a preliminary analysis, and depending on the precise rules the Commission adopts to govern use of 2013 CAF Phase I incremental support, it would require CAF Phase I incremental per-location support for deployment in 2013 ranging from approximately $1,500.00 to $10,000.00 per location. Because ACS provides service exclusively to Tribal Lands, those figures would remain equally valid as a guide for the Commission in adopting higher per-location support thresholds for deployment of broadband on Tribal Lands. ACS urges the Commission to take this important step to ensure that Tribal Lands can share in the well recognized contributions of broadband to the educational, cultural, civic, vocational, economic, and social opportunities available to those with access.

B. The Commission Should Not Bifurcate the Service Threshold for CAF Phase I Incremental Support

The Commission should *not* require each price cap LEC to deploy broadband to every purportedly "low cost" (*i.e.*, below the CQBAT cost benchmark of $80) unserved location with at most 768kbps upstream/200 kbps downstream service within its service area before permitting use of CAF Phase I incremental support in locations that have broadband with a speed of 4 Mbps downstream and 1 Mbps upstream, as advocated by some commenters.[10] As ACS explained in its comments,[11] there are numerous reasons why any specific location may lack broadband, including judgments as to the allocation of scarce capital, or market reasons why, despite the model's determination that a particular location is "low cost," the business case indicates that it would not be economically feasible to deploy and operate broadband facilities there.

---

[10] *See Connect America Fund*, American Cable Association Comments on the Further Notice of Proposed Rulemaking For Phase I Incremental Support of the Connection America Fund, WC Docket No. 10-90, at 7, 14-16 (filed Jan. 28, 2013) (ACA Comments); *Connect America Fund*, Comments of MediaCom Communications Corporation on the Further Notice of Proposed Rulemaking For Phase I Incremental Support of the Connect America Fund, WC Docket No. 10-90, at 16 (filed Jan. 28, 2013) (MediaCom Comments).

[11] ACS Comments at 28.

The CQBAT model would not accurately identify such locations, at least not in Alaska, for several reasons. First, as ACS has amply demonstrated,[12] the CQBAT model fails to account for several significant elements of cost associated with deploying broadband in Alaska, and thus substantially understates the cost of doing so. Contrary to the CQBAT model's assumptions, there are no Internet access points in Alaska; the nearest are in the states of Washington and Oregon. To reach these Internet access points, broadband data must therefore be carried to and from Anchorage by undersea cable. Within Alaska, many communities lack fiber middle-mile transport connections to Anchorage, so broadband data must additionally travel over great distances, often via satellite or microwave link, within the state.

Further, Alaska's harsh climate and short construction season raise the costs of deployment. As indicated in ACS's comments,[13] ACS's labor costs for its unionized workforce are among the highest in the nation, and the short construction season means that ACS must pay

---

[12] *See, e.g., Connect America Fund; High-Cost Universal Service Support*, Comments of Alaska Communications Systems Group, Inc., WC Docket Nos. 10-90 and 05-337 at 4-6 (filed Feb. 1, 2012); Letter to Marlene H. Dortch, Secretary, FCC, from Karen Brinkmann, counsel for Alaska Communications Systems, *Request for Connect America Fund Cost Models*, FCC Public Notice in WC Docket Nos. 10-90 and 05-337, DA 11-2026 (Wireline Competition Bur., rel. Dec. 15, 2011), at 3 in attachment Alaska Communications Broadband Network Cost Study Model Methodology and Assumptions (filed Feb. 13, 2012); *Ex Parte* Letter to Marlene H. Dortch, Secretary, FCC, from Karen Brinkmann, counsel for Alaska Communications Systems Group, Inc., *Developing a Unified Intercarrier Compensation Regime, et al.*, CC Docket Nos. 01-92 and 96-45, WC Docket Nos. 03-109, 05-337, 07-135, and 10-90, WT Docket No. 10-208, and GN Docket No. 09-51 (filed April 27, 2012); *Ex Parte* Letter to Marlene H. Dortch, Secretary, FCC, from Karen Brinkmann, counsel for Alaska Communications Systems Group, Inc., *Developing a Unified Intercarrier Compensation Regime, et al.*, CC Docket Nos. 01-92 and 96-45, WC Docket Nos. 03-109, 05-337, 07-135, and 10-90, WT Docket No. 10-208, and GN Docket No. 09-51 (filed May 11, 2012); *Connect America Fund; High-Cost Universal Service Support*, Comments of Alaska Communications Systems Group, Inc., WC Docket Nos. 10-90 and 05-337 at 5 (filed July 9, 2012); *Connect America Fund; High-Cost Universal Service Support*, Reply Comments of Alaska Communications Systems Group, Inc., WC Docket Nos. 10-90 and 05-337 at 12 (filed July 23, 2012).

[13] ACS Comments at 16-17.

even higher overtime rates to meet its deployment needs during this period of peak demand. Costs of materials are higher than elsewhere in the nation, owing to the high cost of delivering them to Alaska and across great distances within the state. Alaska's harsh climate requires ACS to bury its plant at a greater depth than may prevail in the Lower 48 states, also raising costs.

The CQBAT makes no attempt to model these or other Alaska-specific costs and, as a result, it substantially overstates the areas where broadband is relatively "low cost," measured against the $80 cost benchmark. Even within the lower 48 states, ACA concedes that its estimates of the number of unserved locations lacking at least 768 kbps/200 kbps access is based on an abbreviated sampling process.[14] For the reasons discussed above, no accurate estimate for Alaska is available using the CQBAT model, and ACA does not offer any alternative.

C. The Commission Should Not Continue to Limit Use of CAF Phase I Support to Locations Lacking Access to 768/200 Service

As ACS explained in its initial comments, the Commission should use CAF Phase I incremental support as a springboard to accelerate the achievement of broadband deployment objectives of CAF Phase II. Thus, the Commission should not, as WISPA urges, continue to limit use of CAF Phase I incremental support to locations lacking access to 768 kbps/200 kbps service. That speed standard is far below the broadband requirements defined for the Commission, either for CAF Phase I frozen support or CAF Phase II support. Even today, price cap carriers that anticipate accepting CAF Phase II support need to be working toward meeting the Commission's five-year broadband availability requirements. That is, "[b]y the end of the fifth year, price cap ETCs must offer at least 4 Mbps/1 Mbps broadband service to all supported locations, and at least 6 Mbps/1.5 Mbps to a number of supported locations to be specified."[15]

---

[14] ACA Comments at 12.

[15] *USF/ICC Transformation Order* at ¶ 160.

Thus, as urged by ACS in its initial comments, the Commission should permit price cap carriers to use CAF Phase I incremental support to deploy to locations that lack such 6 Mbps/1.5 Mbps service today. ACS in particular agrees with the comments of USTA/ITTA/ABC that broadband service offered by WISPs is seldom adequately robust to meet the Commission's CAF Phase I or CAF Phase II requirements.[16] As explained by those parties:

> WISPs face a host of technical issues that affect their ability to provide broadband service at a level that meets consumers' and the Commission's expectations. These issues include: (i) unpredictable degradation in service due to third-party interference from common devices such as cordless phones, garage door openers, and microwave ovens when WISPs use unlicensed spectrum; (ii) difficulties in maintaining sustained speeds, particularly during busy times, at the 4/1 level required of recipients of CAF support; (iii) lack of capacity to accommodate significant increases in traffic or customers within their service areas; and (iv) line of sight requirements for WISPs using unlicensed spectrum that do not enable a customer to enjoy broadband service when the provider's antenna is obstructed, for example, by a tree, a building, or a hill. In addition, WISPs often have capacity caps that limit the robustness of their broadband services and do not comply with the standard for 4/1 broadband service to which CAF I Incremental Support recipients are required to build their networks[17]

In addition, they seldom offer *voice and* broadband service, as required by the Communications Act and the Commission's rules for frozen CAF Phase I and CAF Phase II support. Moreover, they may not offer the required capacity at a price that is *reasonably comparable* to that offered by wireline providers in the state.[18]

---

[16] *Connect America Fund*, Comments of the United States Telecom Association, the Independent Telephone & Telecommunications Alliance, and the ABC Coalition, WC Docket No. 10-90, at 15-16 (filed Jan. 28, 2013).

[17] *Id.* at 16 (footnote omitted).

[18] *See Connect America Fund*, Letter from Melissa E. Newman, CenturyLink, to Marlene H. Dortch, FCC Secretary, WC Docket 10-90 (filed March 30, 2012), at 2 (advocating that the Commission consider a census block "unserved" for incremental CAF Phase I purposes if the provider imposes a monthly data usage limit of less than 53 GB per month, or markets its lowest-speed service tier with at least 53 GB/month usage at a price *above* that of the comparable service offered by a wireline provider in the state).

Viewed in this light, WISPA's protestation that its members have "reasonably relied on existing rules as assurance that the Commission will not fund competitors in the unsubsidized areas where they already provide service"[19] ring hollow. They amount to little more than a plea for protection from the type of competitive forces that the Commission has long recognized benefit consumers. Given the choice between a package of robust and reliable voice and wireline broadband service, and the slower, interference-prone, congested connectivity offered by a WISP using unlicensed spectrum, ACS believes that the consumer's preferred choice will be clear.

Conclusion

For the foregoing reasons, ACS hereby requests that the Commission refine the CAF Phase I incremental support mechanism for 2013 as discussed in its initial comments and herein.

Respectfully submitted,

/s/

Leonard A. Steinberg
General Counsel and Corporate Secretary
Richard Cameron
Assistant Vice President and Senior Counsel
ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.
600 Telephone Avenue
Anchorage, Alaska 99503

Karen Brinkmann
KAREN BRINKMANN PLLC
2300 N Street, NW
Suite 700
Washington, D.C. 20037
(202) 365-0325
KB@KarenBrinkmann.com

Counsel for Alaska Communications Systems

February 11, 2013

[19] *Connect America Fund*, Comments of The Wireless Internet Service Providers Association, WC Docket No. 10-90, at 5 (filed Jan. 28, 2013).